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Mitchell E. Daniels, Jr.  
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## News Release For immediate release

### **Governor Daniels announces Major Moves for Indiana transportation**

INDIANAPOLIS (September 26, 2005) – Governor Mitch Daniels today outlined a \$10.6 billion transportation plan for the next 10 years that will double new construction spending on projects important to the state's economic growth and prosperity.

The plan, *Major Moves: Creating a Top-Tier Economy Through Top-Tier Transportation*, includes:

- constructing the Fort to Port link from Ft. Wayne to the east; estimated completion 2012
- upgrading U.S. 31 in South Bend (estimated completion 2015); Kokomo (estimated completion 2016); and Hamilton County (estimated completion 2017)
- completing the Hoosier Heartland Corridor; estimated completion 2016
- building two Ohio River bridges; estimated completion 2016
- building I-69 to the southern edge of the state; dependent upon funding sources, estimated completion could be as early as 2018
- providing for maintenance and improvements to the Indiana Toll Road
- providing financial support for projects identified by the new Northwest Indiana Regional Development Authority.

“A state that aspires to greatness has to think big and act boldly. That’s the kind of state we want Indiana to be,” said Daniels. “The more creative and aggressive we are, the more we can build and the sooner we can begin reaping the benefits in jobs and dollars that our major moves will trigger.”

“We envision an Indiana with a reborn Northwest corner, with new means of mobility for both goods and people, with intermodal ports and a major airport serving not just our state but our neighbors. We intend a modernized, state-of-the-art East-West Toll Road, and a full complement of connecting secondary roads across the northern tier of our state,” said the governor.

“We aim to finish the Hoosier Heartland Corridor, linking a host of once-strong local communities with each other and with the markets of the world. We seek to connect our north and central regions by an enhanced Highway 31; to create the long-desired Fort to Port linkage of our northeast to states further east; to turn loose enormous growth potential in southeastern Indiana by the early completion of bridges across the Ohio; and to uplift our southwest quadrant and unite our state by extending I-69 from corner to corner,” he said.

The transportation package includes \$5.3 billion for preservation (maintenance) projects and \$5.3 billion in new construction over the next 10 years. The preservation funding and \$2.5 billion of new construction funding are already part of INDOT's budget. The additional \$2.8 billion in new construction revenue would be used to complete the other projects that have been identified as state priorities.

"We can become the nation's distribution and logistics capital. This plan is important for our metropolitan areas but is also necessary to help our small towns and rural areas flourish and fully participate in our growth," said the governor.

More than 30 funding options reviewed by INDOT are listed in the plan – some with recommendations to pursue, others for consideration by the General Assembly, and a third group not currently recommended for consideration. Among tools already available are saving money through project redesign, increasing special permitting fees, and use of the open container law, which removes spending restrictions on 3 percent of federal highway funding. Daniels said he will not recommend a gas tax increase.

The governor outlined new funding approaches to pay for the more than 200 projects identified in the plan. Specifically, he proposes implementing tolls on I-69 between Indianapolis and Evansville and consideration of a public private partnership to build the expansion, and testing the market to ascertain interest in and the amount of revenue that could be generated from a long-term lease of the Indiana Toll Road.

Daniels also outlined a plan to increase tolls on the Indiana Toll Road for the first time since 1985. Proceeds would be used for state highway and road projects in the toll road corridor as well as for maintenance and upgrades to the toll road itself.

"Very little of this will happen on a business as usual basis. Without new approaches that stretch dollars and access new funding sources, only a fraction of these projects will happen within the next decade. Some will never happen," he said.

An economic model created by the U.S. Department of Transportation estimates that every \$1 billion in transportation spending creates about 47,000 new jobs. In addition to this direct or indirect job creation, these investments positively affect businesses by reducing their costs and increasing their access to markets.

### **10-year transportation plan**

For the first time, INDOT used a weighted scoring formula to prioritize projects, conducted 12 regional public meetings to discuss its list of projects and utilized public surveys in the ratings process.

"We move our process one step closer to completion today by releasing the list of planned projects, including their estimated cost, scoring priority, and planned construction start dates," said Tom Sharp, INDOT commissioner.

INDOT's 10-year draft transportation plan continues to emphasize preserving the existing system through highway resurfacing, road reconstruction and bridge rehabilitation. The preservation budget for the next 10 years averages \$530 million annually. The plan also prioritizes new highways, roads and bridges to be built throughout Indiana. The current annual new construction budget is an average of \$250 million.

According to the project list, \$2.8 billion in additional revenues are necessary to continue to complete and accelerate the 200 plus highways, roads and bridges on the list.

"For a long time, many Hoosiers believed projects were progressing through the planning system, but there was no money to pay for more than half of them, and no process to determine which should be built first. Many were overdesigned and more expensive than really necessary," said Sharp.

### **Toll Modernization**

The Indiana Toll Road -- which for decades has generated dollars to help local communities and the state economy -- can no longer be sustained at current toll rates. The road once brought in more than the cost of its maintenance, but for the past two years, the toll road has been forced to dip into reserves for maintenance.

"Since the last time tolls were raised in 1985, the consumer price index has grown 80 percent. Our current rates are far behind neighboring states. It is time for the toll road to resume its role as a vital economic engine for northern Indiana," said Sharp.

The proposed toll increases, which would become effective in spring 2006, could generate \$770 million over the next 10 years that would be used several ways: \$344 million for state highway projects in toll road counties; \$226 million in improvements on the toll road; \$100 million in grants to communities for local road projects, and \$100 million for economic development projects identified by the Northwest Indiana Regional Development Authority.

The additional revenue that increased tolls could generate for highway projects in the toll road counties means other INDOT construction funds could be used for projects elsewhere in the state.

Toll increases would vary according to entry point and length of travel. For example, the car toll to travel the entire 157-mile span from the Ohio to Illinois borders is \$4.65. In the new toll structure, the toll would be \$8. For a truck traveling the same distance, the toll would move from \$14.55 to \$32.

The toll from Portage to South Bend for car travel would increase from \$1.75 to \$2.75, and for a truck, from \$5.30 to \$10.75; from Mishawaka to Elkhart; the toll would increase 10 cents, from 40 cents to 50 cents for a car, and from \$1.75 to \$2 for a truck.; for a car entering the toll way in Lake County, the toll would increase from 15 cents to 50 cents.

The overall average weighted increase would be 72 percent for cars and 113 percent for semis.

The Indiana Finance Authority and INDOT will publish a notice of intent to initiate a proposed rule change to increase tolls in the October 1 Indiana Register.

The Finance Authority will post the Request for Proposals for possible lease of the Toll Road on Wednesday at 5 p.m. at [www.in.gov/ifa/tollroad.html](http://www.in.gov/ifa/tollroad.html).

The proposed new rates make Indiana comparable to neighboring states where the toll road is located. Currently, the passenger car toll in Indiana is .0296 cents per mile. With the increase, it would move to .0504 cents per mile. Illinois' rate is .0636 cents per mile, Ohio is .0371 cents per mile and the Pennsylvania Turnpike is .0592 cents.

INDOT estimates for 2004 toll road revenues show that 66 percent is derived from out-of-state vehicles, 18 percent from in-state cars and 16 percent from in-state truck traffic.

"With additional revenue, local communities will be eligible for transportation improvement grants and no-interest loans, programs that were very popular before they were discontinued in 1997 because of the toll road's financial condition," said Sharp.

### **I-69 Expansion: Evansville to Indianapolis**

Governor Daniels said that with tolling or public private partnership for a design, build operate scenario, construction of the long-discussed I-69 extension from Evansville to Indianapolis could be moved up dramatically.

"Under the traditional approach and the plan we inherited, construction wouldn't even begin until 2017, and that's unacceptable," said the governor. "Tolling, and possibly a private partner, is the only way to build this essential piece of Indiana's future in our generation."

Overall estimated cost of the project is approximately \$2 billion. Of that, project costs of \$700 million would occur during the next 10 years.

With traditional "pay-as-you-go" financing, as it stood at the end of 2004, construction was planned to begin in 2017 and be completed in 2035 with costs to the state of approximately \$2 billion.

If tolls were assessed between Indianapolis and Evansville, the state's cost would be cut dramatically and the project timeline could be compressed for earlier start and completion.

With the public-private partnership model, which would utilize a design, build and operate system by a private concessionaire, costs and timelines could be compressed even further.

### **Public private financing partnership approaches**

Such private public-partnerships have been successful elsewhere in the United States and abroad, taking major projects off the drawing board and making them a reality. In addition to I-69, Governor Daniels wants to evaluate interest in leasing the toll road.

“It is possible others can operate the toll road, and in the case of I-69, design, build and manage it, with more efficiency and at a lower cost for taxpayers,” said Sharp. “The leasing option is one that has been tested elsewhere and is achieving success. There are other projects, similar to I-69, that would never have been built without use of the public private mechanism.”

The City of Chicago entered a long-term lease for \$1.8 billion (\$1.4 billion for the city following payoff of debt) in 2004 for a company to run the Chicago Skyway. In San Diego, California, a public private arrangement which brought \$900 million to the state will lead to the completion of State Road 125 in 2006.

In all, 18 states have approved transportation public private partnership authority.

“We look forward to discussing these options with legislators as we explore how to make all of these projects move forward,” said Sharp.

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**NOTE:** Additional charts, graphs, maps and the preservation and new construction project lists may be found on INDOT’s Web site at: <http://www.in.gov/dot/>

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